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The Self-Destructing Ransom Caper

Syrrian complicity in the kidnaping, detention and eventual murder of American hostage Peter Kilburn was established beyond doubt by intercepted telephone conversations, we have learned.

The phone interceptions by the National Security Agency were part of a bizarre—and almost successful—plan by the U.S. government to ransom Kilburn with millions of dollars in greenbacks that would self-destruct within three to five days after delivery to the kidnapers. The ransom deal fell apart with the U.S. air strike on Libya last April 15. Kilburn's body was found three days later on the outskirts of Beirut.

Kilburn, 60, was a pro-Arab librarian at the American University in Beirut when he was abducted on Dec. 3, 1984. We reported part of the Kilburn tragedy last November, writing: "The frustration and ultimate futility of trying to ransom American hostages with arms or money was tragically demonstrated last spring" when Kilburn's captors grew tired of waiting for the \$3 million the Reagan administration was raising.

Now we have learned the whole story.

In 1985, a Canadian of Armenian background contacted the Federal Bureau of Investigation and offered to act as intermediary with Kilburn's kidnapers, a Lebanese criminal gang. The Canadian established his good faith by producing a Kilburn identity card.

The FBI took charge of the negotiations, assisted by the Central Intelligence Agency, the Defense Department and Lt. Col. Oliver L. North of the National Security Council staff. The first step was

to monitor all of the Canadian's international telephone calls, when he was in Europe as well as in Canada. Thus at every stage the Americans knew the other side's negotiating tactics.

The Syrian government's involvement quickly became clear. Most of the Canadian's phone calls were to people in Damascus, at least one of whom was a Syrian government official.

By late 1985 the initial U.S. ransom offer had been tendered: \$500,000. According to one source, the Canadian was almost scornful as he relayed the offer to Damascus and assured his cohorts that the Americans could be "held up" for a lot more.

The price finally agreed on in March 1986 was more than \$3 million. To get around the U.S. policy of not paying ransom for kidnaped Americans, the decision was made to use money that would disintegrate in a matter of days.

It was vital, of course, that the money not deteriorate too rapidly, in case there was a slight delay between payment and release. A slow-acting solution was developed that would give three days' grace. The bills, in small denominations, would be taken from stockpiles of old money scheduled for burning.

By late March the negotiations were so close to fruition that Kilburn's relatives were advised of his imminent release. At least one U.S. warship was dispatched to stand by off the Lebanese coast to pick up the hostage.

But the deal began to unravel and was shattered irrevocably by the U.S. raid on Libya. Kilburn and two British hostages were shot in reprisal. The Canadian escaped.